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ABSTRACT

This is the sixteenth in a set of 36 teacher guides to the Entrepreneurial Training Modules and accompanies CE 031 060. Its purpose is to give students some idea of what it is like to own and operate a health spa. Following an overview are general notes on use of the module. Suggested steps for module use contain suggestions on introducing the module, a brief discussion of the nine units, responses to learning activities, suggestions for summarizing the module, and responses to the quiz. The units are Planning a Health Spa; Choosing a Location; Getting Money to Start; Being in Charge; Organizing the Work; Setting Prices; Advertising and Selling; Keeping Financial Records; and Keeping Your Health Spa Successful. Each unit contains a case study; responses to individual activities; responses to discussion questions; and a group activity. Suggested readings for the teacher and a list of goals and objectives complete the module. (CT)

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GETTING DOWN TO BUSINESS:

Health Spa

Module 16

Teacher Guide

U.S. DEPARTMENT OF EDUCATION
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GETTING DOWN TO BUSINESS:

Health Spa

Jean Wolman

April 1981

Developed at the American Institutes for Research
under support from the
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U.S. Education Department

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OVERVIEW

The purpose of these Getting Down to Business modules is to provide high school students in vocational classes with an introduction to the career option of small business ownership and to the management skills necessary for successful operation of a small business. Developed under contract to the Bureau of Occupational and Adult Education, U.S. Department of Education, the materials are designed to acquaint a variety of vocational students with entrepreneurship opportunities and to help reduce the high failure rate of small businesses.

As the students become familiar with the rewards and demands of small business ownership, they will be able to make more informed decisions regarding their own interest in this career possiblity. It is hoped that, as a result of using these materials, some students will enter small business ownership more prepared for its challenges. Others will decide that entrepreneurship is not well suited to their abilities and interests, and they will pursue other career paths. Both decisions are valid. The materials will encourage students to choose what is best for them.

These Getting Down to Business modules are designed to be inserted into ongoing high school vocational programs in the seven vocational disciplines--Agriculture, Distributive Education, Occupational Home Economics, Business and Office, Trades and Industry, Technical, and Health. They will serve as a brief supplement to the technical instruction of vocational courses, which prepare students well for being competent employees but which generally do not equip them with skills related to small business ownership. The modules are self-contained and require a minimum of outside training and preparation on the part of instructors. Needed outside resources include only those types of materials available to all students, such as telephone directories, newspapers, and city maps. No special texts or reference materials are required. For further optional reading by instructors, additional references are listed at the end of the Teacher Guide. An annotated Resource Guide describing especially valuable entrepreneurship-related materials is also available.

The purpose of this module is to give students some idea of what it is like to own and operate a health spa. Students will have an opportunity to make the same decisions that the owner of a health spa makes. While the module is not a complete "how-to" manual, the individual lessons will provide your class with the chance to do many of the planning and daily activities that small business owners do.

Today, owners of small businesses face a multitude of problems--some minor, some that threaten their very existence. These problems reflect the constant changes that our society is going through--economic, cultural, and technical. While this module cannot hope to address itself to all of them, the discussion questions at the end of each unit are designed to give your class the opportunity to discuss them and develop, on a hypothetical basis, solutions for themselves.

You may want to present this module after completing Module 1, Getting Down to Business: What's It All About? Module 1 is a 16-hour program covering a more in-depth approach to owning any small business. The terms introduced in Module 1 will be used in this module with a re-statement of the definition. Also, the forms used will be the same, with some minor changes to fit a health spa specifically. Module 1 provides an introduction to owning a small business in addition to some skills and activities that, due to their general nature, are not covered in this module.

Content Organization

Each unit of the module contains the following:

1. Divider Page--a page listing the unit's goal and objectives.

2. Case Study--an account of a health spa owner for a more intimate view of owning a health spa.

3. Text--three to four pages outlining business management principles introduced in the case study.

4. Learning Activities--three separate sections, including:

   a. Individual Activities--finding information given in the text or applying information to new situations.

   b. Discussion Questions--considering broad issues introduced in the text; several different points of view may be justifiable.

   c. Group Activity--taking part in a more creative and action-oriented activity; some activities may focus on values clarification.

General Notes on Use of the Module

Instructional Time:	Each unit = 1 class period; total class period	= 9
	Introduction, quiz, summary	= 1
	Total instructional time	= 10

The case study and text are central to the program's content and are based on the instructional objectives appearing in the last section of this Guide. Learning activities are also linked to these objectives. You will probably not have time, however, to introduce all the learning activities in each unit. Instead, you will want to select those that appear most related to your course objectives, are most interesting to and appropriate for your students, and are best suited to your particular classroom setting. Certain learning activities may require extra classroom time and may be used as supplementary activities if desired.

Before presenting the module to the class, you should review both the Student and Teacher Guides and formulate your own personal instructional approach. Depending on the nature of your classroom setting and the students' abilities, you may want to present the case study and text by instructional means that do not rely on students' reading--for example, through a lecture/question-answer format. Case studies and certain learning activities may be presented as skits or role-playing situations.

No particular section of this module is designated as homework, but you may wish to assign certain portions of the module to be completed out of class. You may want students to read the case study and text in preparation for discussion in the next class period, or you may want them to review the material at home after the class discussion. You may also prefer that students read the material in class. Similarly, individual activities may be completed in class or for homework. Discussion questions and group activities are specially intended for classroom use, although some outside preparation by students may also be needed (for example, in the case of visiting a small business and interviewing the owner).

Methods that enhance student interest in the material and that emphasize student participation should be used as much as possible. Do not seek to cover material exhaustively, but view the course as a brief introduction to entrepreneurship skills. Assume that students will obtain more job training and business experience before launching an entrepreneurial career.

The quiz may be used as a formal evaluation of student learning or as a self-assessment tool for students. Answers to learning activities and the quiz are provided in a later section of this guide.

SUGGESTED STEPS FOR MODULE USE

Introduction (15 minutes, or integrate within the first hour of Unit 1)

I. In introducing this module you will probably want to find out what students already know about the health spa business. Ask questions such as these.

- What is a health spa?
- What kinds of services would be offered at a typical spa? Think of as many as you can.
- What other businesses can you think of in the physical fitness area?
- What skills would someone probably need to start a health spa?
- As of right now, how many of you would consider becoming the owner of a health spa?

II. Discuss small businesses briefly. Over 90% of all businesses in the United States are small businesses. In this module we will be dealing with very small businesses, meaning a self-employed owner working alone or with one to four employees. Often small businesses are owned and run by members of a family.

III. Discuss the purposes of the module:

- To increase students' awareness of small business ownership as a career option.
- To acquaint students with the skills and personal qualities health spa owners need to succeed.
- To acquaint students with the kind of work small business owners do in addition to using their vocational skills.
- To expose students to the advantages and disadvantages of small business ownership.

IV. Emphasize that even if students think they lack management aptitudes, some abilities can be developed. If students "turn on" to the idea of small business ownership, they can work at acquiring abilities they don't have.

Also, students who work through this module will have gained valuable insights into how and why business decisions are made. Even if they later choose careers as employees, they will be better equipped to help the business succeed because of their understanding.

Unit 1 - Planning a Health Spa (1 class period)

I. Case Study: After trying out cosmetology, Lucille Wolinsky decides to try the health spa business, more in tune with her desire for exercise and physical fitness. After working more than two years at La Petite Spa, she is ready to open her own business.

Text: Services, Customers, and Competition
Personal Qualities and Skills
How to Compete Well
Legal Requirements

II. Responses to Individual Activities

1. Depends on individual. No right answer; the more checks the better.

2. Depends on individual.

3. Depends on location. Check Yellow Pages.

4. List should include some of the standard services listed in the module such as exercise with or without machines, nutritional services, classes, swimming, etc.

5. Depends on location. Check with City Clerk and Health Department. You may want to do this as a group to avoid duplicated calls.

III. Responses to Discussion Questions

1. Joe's spa, "Physique," will appeal largely to men interested in body-building and strength development. Gloria's "Glamorama" will appeal to women interested primarily in appearance and beautification. Both are viable businesses if the market exists in their location. If properly executed, neither Joe nor Gloria need broaden their appeal if the business meets their needs. They could, however, expand or broaden their appeal in any one of a number of ways. For example, both could orient more towards physical fitness and health rather than "beautiful" bodies.

2. Discussion will depend on participants' views, but should stress the importance of these attributes. Since a spa is oriented toward fitness, good health, and attractiveness, it is important for the owner both to believe in these values and to exemplify them as much as possible.

3. A small spa would differ from a large one on the following dimensions: size of facility, number of services offered, amount of equipment available, size of staff and customer membership, and cost of operation. Advantages of starting "small" include:

- lower start-up costs;
- therefore, less risk; and
- better chance to offer personalized service.

Advantages of starting "large" include:

- more services, which would appeal to a broader market;
- better competitive edge in terms of available services and facilities; and
- ability to hire more staff to operate spa and free owner for promotion and management.

IV. Group Activity

1. The purpose of this activity is to increase student awareness of the range of services a health spa can provide and to relate these services to their potential markets. In addition, students will have an opportunity to relate these alternatives to their own geographical area.

2. List these columns on the chalkboard:

	Customer's:		
Services	Sex	Age	Occupation

Explain purpose of activity to students and begin brainstorming for possible services. Any reasonable response should be listed. Encourage students to think of ideas different from those they have already read about.

Then, for each service proposed, discuss the types of people who would likely use the service: men, women, or both; young, middle-age, older adults; professional or blue-collar workers, etc.

For example, weight-lifting activities would probably appeal to men of varied occupations in their late teens to early 30's.

3. Then guide students to analyze their own community in terms of potential health spa customers and desired services. Of course, the services selected will depend on your individual area and the opinions of the group involved.

Unit 2 - Choosing a Location (1 class period)

I. Case Study: Lucille decides that Dayton is a fine area for her health spa, despite the existence of two other spas. She finds a 1,000-square-foot space at a good price in a new shopping center.

Text: Type of Area and Customers
Competition
Location and Type of Space

II. Responses to Individual Activities

1. a. Type of area and customers
   b. Competition
   c. Location
   d. Type of space

2. a. H
   b. H
   c. L
   d. L
   e. H
   f. H
   g. H

3. Response depends on individual's experience.

4. Response depends on individual's experience.

III. Responses to Discussion Questions

1. Response depends on geographical area. Guide students to discuss factors discussed in the text as they relate to your own area and possible locations in your area.

2. Lucille's location seems to be a good one in terms of: distance from competition, existence of residential and business facilities (a source for female customers), adequate square footage and parking, low rent and good lease terms. Possible problems might include slow growth at first because everything is so new; not yet knowing what this community is like in terms of other businesses, traffic levels and patterns, etc.

3. Manny's location seems good in terms of the space, the low rent, proximity of customers, and lack of competition. Problems might result from competition for existing parking from local restaurant (same peak hours as spa) and traffic congestion in general.

4. Lynda's choice is not wise until she thoroughly checks out reasons for the previous spa's failure. If she finds them related to poor management rather than poor location, she might consider this location as a real possibility. It does offer several advantages in having already been developed as a spa.

IV. Group Activity

1. This activity is designed to provide a practical exercise on locating a health spa.

2. Before conducting the discussion, find a local map of your area.

3. Review with students their findings from Individual Activities 2-4. What should they look for in a location? Where are existing spas located, and how did they take into consideration these factors?

4. Discuss possible locations for a new spa in terms of roads, traffic patterns, competition, housing and business areas. Discuss advantages and disadvantages of each location.

5. Lead students to determine the best location, stressing the need for a convenient, easy-to-reach location, near likely customers, and not too close to direct competition.

6. Discuss additional things to look for: adequate space with room to expand, plenty of parking, good lease terms, etc.

Unit 3 - Getting Money to Start (1 class period)

I. Case Study: Lucille decides how much money she needs to start her health spa. She applies for and is granted a loan.

Text: Business Description
Statement of Financial Need

II. Responses to Individual Activities

1. Business description should specify information on all five parts listed. Judge for clarity and completeness.

2. a. $27,700
b. $ 3,000
c. $24,700
d. $20,000
e. $12,000 (Used equipment = $18,000)
f. $ 5,200

3.

STATEMENT OF FINANCIAL NEED

Starting Expenses		Money on Hand	
Salaries	$ 1,500	Cash on Hand	$ 3,000
Building Expenses	3,800	Gifts or Personal Loans	--
Repairs and Renovations	5,000	Investment by Others	--
Equipment and Furniture	12,500	TOTAL	
Supplies (& printing)	500		
Advertising	400		
Other (insurance, licenses, legal & accounting advice)	4,000		
TOTAL	$27,700	TOTAL STARTING EXPENSES	$27,700
		TOTAL MONEY ON HAND	3,000
		TOTAL LOAN MONEY NEEDED	$23,700

III. Responses to Discussion Questions

1. a.
   - Basically a good description
   - Includes information on all five topics
   - Might have included more information on why she's starting a women-only spa and how she's going to "beat" the competition.

   b. Would probably grant Lucille the loan because of the points mentioned in the case study: her careful planning and experience in the business, her willingness to invest all her savings, her long-standing relationship with the bank.

   Negative points might include high starting expenses and the fact there are already three spas in the area.

2. Reasons for range may include:

   - size of facility and number of services offered;
   - new vs. used equipment;
   - purchase vs. lease;
   - differences in back-up money allowed (three to six months' worth); and
   - cost variances depending on location and personal choice (e.g., rent, furnishings, supplies, personal salary allowed).

Advantages of starting off low:

- lower overall risk;
- more certainty of having enough customers to cover costs;
- better chance of borrowing money; and
- fewer people to manage--thus fewer management problems.

These are disadvantages of starting off low.

- Used equipment doesn't create as good an image and may need more maintenance.
- Leased equipment gives no assets.
- Money worries create stress.
- Owner may have to work harder as the main worker and promoter of the business.

Advantages and disadvantages of starting off high would be the converse of above.

3. Advantages of franchise:

- business already established and worked out;
- supposedly expert advice for Lucille;
- possibly less planning and starting work for Lucille; and
- availability of ongoing advice and support from franchise.

Disadvantages:

- higher costs (might not be worth the extra $15,000);
- perhaps not as much of a challenge for Lucille--she wouldn't have a unique, one-of-a-kind business;
- there's already a franchise operation in Dayton--market might prefer an individual operation; and
- franchise might not be reputable and solid--Lucille would have to check it out thoroughly before buying in.

IV. Group Activity

1. The purpose of this activity is to increase student awareness of the range and alternatives of services and starting expenses possible in the physical fitness business, and to give practice in preparing components of a loan application: the business description and the statement of financial need.

2. On the chalkboard, list the five main parts of a business description with space under each for student inputs (kind of business, location, customers, competition, and plans for success). Solicit ideas from students under each category, using information provided and fabricating other needed data. Resulting description can be in outline, rather than usual sentence form.

Draw a large blank statement of financial need on the chalkboard. Guide group to determine reasonable costs, using Andrea's case as a foundation; total expenses shouldn't exceed $10,000.

Unit 4 - Being in Charge (1 class period)

I. Case Study: Lucille lists the tasks that need to be done in a health spa and the qualities she wants her employees to have. She decides to hire one part-time assistant at first.

Text: Deciding Who Will Do Each Task
Picking the Best Person for the Job
Keeping People Happy

II. Responses to Individual Activities

1. Lucille: a, b, c, d, e, f, g
Sally: a, c, f, g

2. Answers depend on individual; should be reasonable and based on what students have learned. Sample responses follow.

a. Ability to get along with people; physically fit and attractive
b. Sales ability; get along with people
c. Experience doing janitorial or cleaning work
d. Experience and/or education in nutrition, teaching ability
e. Attractive, well-groomed appearance; previous experience
f. Experience and skill at judo
g. Physical therapy degree and license; good references

3. a. Bad personal habits
b. Poor appearance
c. Nervousness; other negative personality traits

4. c - Lisa would fit the part-time physical fitness job well. She doesn't have to work. Robert is well qualified but, as a man, wouldn't fit in at a women's spa. Tanya couldn't earn enough to support her family.

III. Responses to Discussion Questions

1. Hiring an assistant is necessary if Lucille is to have time to "sell" and manage the spa in general. One part-time person seems adequate to start, but Lucille will have to continually evaluate her needs.

Sally Lipton does seem qualified for the job. She's had P.E. experience, is available for the right times, is enthusiastic, and passed Lucille's trial run.

2. Jim McDonald probably should not be hired. He would be out of place in an all women's spa, and in his role as fitness counselor, would probably make the customers self-conscious and uncomfortable. In a coed spa, he'd be a fine candidate.

3. Responses offered will depend on the group. These are possibilities.

   - Hire another part-time person--managing such a person would be similar to managing Sally, and a team of three might work well.

   - Increase Sally's hours. Lucille wouldn't have to train another person. But Sally might not be available, and it wouldn't help the peak-hour situation.

   - Hire specialized help for cleaning or office tasks. This would free Lucille and Sally to do what they like best but would involve more training and supervising on Lucille's part.

IV. Group Activity

The purpose of this role-playing activity is to allow students to practice personnel management skills at an elementary level. A simple situation is the basis for the role-playing activity.

The expected outcome of the activity is that students will have a clearer understanding of what is involved in these "being in charge" skills and of what it feels like to be the person in charge and/or the employee in possible true-to-life situations.

The activity can be done in small or large groups. Have students volunteer to role play, but make sure that everyone ultimately has a turn. Read the situation and briefly discuss with students any questions or comments that make the situation more vivid. Then have each pair role play the situation. Ask students how they felt in their roles, and solicit alternative approaches from others.

Unit 5 - Organizing the Work (1 class period)

I. Case Study: Lucille arranges work schedules for herself and Sally, her assistant. She develops a training record to keep track of her customers' fitness needs and routines.

Text: Keeping Track of Your Customers' Fitness
Scheduling the Work

II. Responses to Individual Activities

1. a. Physical condition of customer
   b. Fitness goals
   c. Recommendations for exercise, diet, classes, etc.
   d. Record of attendance and routine followed

2.

rest of page

The Fitness Place

TRAINING RECORD

Name Tara Dorabji
Referred by Doctor
Start Date 7/1
Expiration Date 10/1

CONDITION:
Age 30
Weight 125
Height 5'
General Health Good
Limitations —

GOALS:
☐ General Conditioning
☒ Weight Reduction
☐ Weight Increase
☐ Other

Date:	7/1					
Pulse Rate:	—					
Body Weight:	125					
EXERCISES: ½ hr. daily						
Recommended Performed:						
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
DIET:						
Calories Allowed: 1000						
Calorie Intake:						
Special Needs:						
CLASSES TAKEN:						
1. Weight Watchers (weekly)						
2.						
3.						
4.						
5.						

COMMENTS:

3. Schedule should be of legible and logical format. It should contain all of the listed activities as follows:

10 a.m. Newcomers Club talk
11-1 p.m. Gym
Between 1-4 Accountant
Prepare ad
4-6 p.m. Gym

III. Responses to Discussion Questions

1. Work schedules would become more important as size increases because of increased complexity and size of organizing staff, customers, and workload. With only one employee, Lucille can afford to be casual about schedules. Verbal arrangements suffice. With more people, greater organization is needed to insure smooth operations.

2. Leroy's business will probably suffer from this casual arrangement. Disadvantages include probable duplication of effort, omissions because people wait for others to do the work, and lack of sufficient communication.

3. Discussion should focus on likely problems Grace will have including: lack of professional image in customers' view, inconsistent techniques used because of lack of organization, etc. Using a standard form is much more slick and business-like and can certainly be personal and individualized.

IV. Group Activity

The purpose of this activity is to give students a better idea of how varied and busy an owner of a health spa can be and to learn to prioritize and schedule.

Try a brainstorming approach in soliciting ideas of tasks. Write all suggested ideas down; eliminate inappropriate or unlikely ones later. Try to encourage ideas not yet mentioned in the module, e.g., reading current physical fitness publications; responding to mail; developing a new form, brochure, classes, etc.

Organize ideas as outlined in the Student Guide in terms of frequency and importance.

Guide students to develop a one-day schedule. Only a reasonable number of tasks should be included. Help students determine which tasks can be postponed and which cannot.

Unit 6 - Setting Prices (1 class period)

I. Case Study: Lucille investigates her competitors' membership prices and then sets prices of her own: $75 for a six-week membership, $150 for six months, and $200 for a year.

Text: Things to Think About When Setting Prices
- Demand for services
- Competition
- Operating expenses
- Profit

Pricing Health Spa Services
- Membership packages
- Special introductory offers
- Extra services

II. Responses to Individual Activities

1. a. Demand for services
   b. Competition
   c. Operating expenses
   d. Profit

2. Response depends on individual's experience and location.

3. a. About 47 (45-50)
   b. About 90-100

4. Three of these:
   a. Two-for-ones
   b. Free visits
   c. Half-price
   d. Transfer short-term membership to longer one

5. c - Two-for-one at a somewhat higher price is the best option. As a new spa, you shouldn't charge more, even on monthly installments, and option "d" is too low.

III. Responses to Discussion Questions

1. Discussion should support Lucille's pricing as logical and reasonable in terms of the information provided. Since the competition's prices were so varied, Lucille had quite a lot of latitude in setting her prices. As a newcomer, she priced at the lower end of the scale and offered an attractive introductory special.

   Since she did not wish to have the cheap, "mass-production" image of Jack Tanny's, and since other spas were successfully charging prices higher than Tanny's, she was wise not to try to match or undercut his low prices.

2. Lucille must determine why her business dropped when she raised prices. Since her services did not change, the price increase and loss of the two-for-one special must have discouraged new customers. It seems that if Lucille must raise membership costs, at least she should reinstate the two-for-one special or offer a different but equally attractive special, since that seems to attract new customers. Perhaps she

could offer an incentive to old, regular customers to bring in new people. If she hires another trainer, she could offer additional services--more classes, a baby-sitting service, a new exercise or diet approach, etc. If she raises prices, she should be able to offer customers something for the additional cost and she must retain the idea of an introductory special price that seems to attract new people.

3. The practice of offering changing specials makes sense because:

- it appeals to the customers' desire for a bargain; and
- it induces customers to sign up before the special expires; if the special continues indefinitely, there is no incentive to sign up now.

Problems, however, can occur.

- Customers may resent new specials that seem better than theirs.
- Some customers might not like the "gimmicky" nature of specials.
- You, as the owner, might regret offering certain specials--for example, you may lose money from an inexpensive renewal promise if the customer renews for a very low price.

IV. Group Activity

The purpose of this activity is to give students an opportunity to apply their learning in a unique situation not presented before. The activity requires students to evaluate how the factors they have studied will influence Jim's price-setting decisions.

Responses and discussion should follow these lines:

1. Same list of four factors as listed in Text section above.

Order of importance may vary, but operating expenses (high) and competition (or lack thereof) should be near the top and profit (at first) near the bottom.

2. If cost is $200, price should be somewhat higher. Amount suggested can vary but shouldn't be wildly high.

3. Since price is high, customer is likely to be relatively affluent and sophisticated. (In a true-to-life situation, this service was marketed to corporations that would pay for their executives to be evaluated.)

4. Since the business is not growing at the $250 price, Jim will need to consider lowering the price, or offering the service in conjunction with others at his spa. Perhaps he can cut the cost of offering the service as well.

5. Two common problems are listed below.

   - Price should cover the cost and, hopefully, some profit; this price must be high and customers might not pay the price.
   - A large investment is risky without being certain of the demand and willingness of customers to buy the service.

Unit 7 - Advertising and Selling (1 class period)

I. Case Study: Lucille plans her sales and advertising approach. She sets introductory special prices and holds an open house to attract potential customers.

Text: "Selling " Health Spa Services
- Introductory specials
  - Open House
  - Visits and lectures
  - Word-of-mouth
- Advertisements
  - Yellow Pages
  - Newspapers and magazines
  - Direct mail
  - Brochures and fliers
  - Signs

II. Responses to Individual Activities

1. g, e, d, b, f, c, a
2. Response depends on individual's experience and location.
3. Response depends on individual's experience and location.
4. Response depends on individual's experience and location.
5. d, c, a, b

III. Responses to Discussion Questions

1. Lucille's plans seem good. They follow the basic guidelines given in the text in that they emphasize the early need for sales through open houses, introductory specials, and friendly personal service, rather than more traditional modes of printed advertising. Her flier is attractive and descriptive and will probably be appealing.
2. The usual printed media are not very important in the spa business because they are impersonal means of advertising. Newspapers and magazines are not selective in whom they reach,

and they are expensive. A spa must depend on its reputation for personal, quality service, which is better promoted by more personalized modes of advertising such as open houses, guest visits, and talks.

3. Tony's approach is not very wise if we follow the guidelines given in the text. Newspapers, especially large city papers, are not very effective. Potential spa customers are not likely to look in the classifieds for health spas. In addition, ten free visits and a free massage seem excessive and might encourage freeloaders or people with dishonorable intentions to follow up on the offer.

IV. Group Activity

The purpose of this activity is to provide students an opportunity to practice the skills they have learned in the text.

Guide the group to develop a strategy that parallels Lucille's but is not identical to it. Emphasize open houses, fliers or brochures, and introductory specials; downplay newspapers and other traditional ads.

Unit 8 - Keeping Financial Records (1 class period)

I. Case Study: Lucille sets up a billing and bookkeeping system for The Fitness Place. She bills customers if they forget to send in payment, and she logs daily income and expenses on a daily cash sheet.

Text: Customer Billing Form
Daily Cash Sheet

II. Responses to Individual Activities

1. a. installments
   b. coupons
   c. customer billing form
   d. monthly
   e. income and expenses

2.

CUSTOMER BILLING FORM
LUCY LAMOUR'S

Customer: Jeannie Louis

Date	Service Received	Amount Charged	Payment Received	Balance Due
11/3	Massage	$25		$ 25
11/10	Massage	25		50
11/14	Facial	15		65
11/19	Figure Consultation	50		115
11/24	Massage	25		140
11/18	Facial	15		155

3.

DAILY CASH SHEET

Cash Receipts		Cash Payments	
Cash Sales	$ 150	Salaries	$ 250
Credit Sales	55	Building Expenses	
		Equipment and Furniture	
		Inventory or Supplies	
		Advertising	150
		Other	275
TOTAL CASH RECEIPTS	$ 205	TOTAL CASH PAYMENTS	$ 675

III. Responses to Discussion Questions

1. Lucille's decision seems reasonable and is fairly standard in the health spa business.

   Pros: Appealing to customers
   Needed to enable many customers to buy longer-term memberships

   Cons: Inconsistent cash flow
   Chance of credit risks
   Some customers may want to quit, and then will not pay
   Collection problems possible

2. Casey, as compared to Lucille, would have little or no bookkeeping and billing to do on his own. He would still need an accountant to oversee the books and financial summaries, but would be free of the day-to-day paperwork.

   Disadvantages might include:
   - loss of daily control; and
   - extra cost of the bank service.

3. Discussion should include items such as the following:

   - invoices or customer billing forms from suppliers and services such as printers, utilities, supply sources, lawyer, accountant, insurance agent;
   - purchase order forms from suppliers (towels, chemicals, etc.);
   - checks and check stubs;
   - income tax and other government forms; and
   - time cards for employees.

IV. Group Activity

The purpose of this activity is to provide students an opportunity to analyze a pattern of nonpayment. Sara Jane Morris' use of the spa continues. A problem exists, and at least an inquiry into the circumstances of nonpayment is due. If payment is not forthcoming, services to Sara Jane should be discontinued. Help from a lawyer or a collection agency may be needed.

This case suggests a problem of nonpayment in the health spa business when credit is offered. Lucille can expect problems of this nature if she is not careful about whom she accepts as customers.

Unit 9 - Keeping Your Health Spa Successful (1 class period)

I. Case Study: Lucille find profits declining in her second year due to increased competition in the area. She plans to increase sales by offering new classes and baby-sitting.

Text: Keeping Track of Profits
Profit/loss statement
Two-year profit/loss statement
Profit and expense ratios
Improving profits
Changing Your Business to Increase Sales

II. Responses to Individual Activities

1. - $350

2. loss

3. - 1%

4. 101%

5. Year 1, by $750 and 2%

6. 100%, because profits + expenses = revenues

III. Responses to Discussion Questions

1. Lucille wants very much for The Fitness Place to succeed. The disappearing profit of the business combined with the stiff new competition so nearby suggested a disturbing trend that Lucille had to reverse if The Fitness Place was to succeed. The reversal from showing a profit to showing a loss was more significant than the small dollar amounts--it signaled an alarming trend. In addition, living entirely off one's savings, with unending inflation, is difficult even though Lucille had expected to do so.

2. Lucille couldn't raise prices because of Slim 'n Trim's lower prices, which were attracting the new business in the area. Inflation and fixed expenses (rent and loans) made it impossible to lower costs in any meaningful way. So Lucille had to try to increase sales.

3. Probably over all, Lucille has established what appears to be a "successful" business. In her first year, she built up a large and loyal following among the members. Her reputation in the community is probably good, and in the first year the bank was probably satisfied. However, the bank may be showing some concern over the second-year loss, as is Lucille.

   At the same time, Lucille seems to enjoy the business and is determined to work hard to set things on a better course. Success to Lucille, or to you as a spa owner, means more than profit and money. It means getting enjoyment and satisfaction from doing and managing the work of your own business. This is very important but hard to measure in dollars and cents.

IV. Group Activity

The purpose of this activity is to give students practice in analyzing profit and loss factors in a specific business situation. In this case, they must find a solution to Lucille's declining profits and competition problems by analyzing the facts presented here and in the case study.

Lead students to discuss the following:

1. Implications of the new facts:

   a. Slim 'n Trim's business may suffer from Health Department problems.

   b. Lucille's plans to increase business by offering new classes and babysitting seem to have worked.

   c. Because of profit problems, Lucille still can't afford a swimming pool, but she may be able to afford another employee.

2. Possible plans:

   a. Continue classes for members and non-members, perhaps increase offerings, particularly in yoga and aerobic dance. Find other areas of interest and offer new classes accordingly.

   b. Continue babysitting services--try to attract more people who need child care.

   c. Hire another trainer; spend more time promoting the business--especially to young mothers; talk to young mother groups; post signs at nursery schools.

   d. Increase promotion in general to draw away customers unhappy with conditions at Slim 'n Trim; capitalize on their problems.

   e. Until business really turns up, keep costs down; delay the swimming pool, which you don't seem to need, to build the business up again.

Summary (30 minutes)

If desired, the Quiz may be given prior to summarizing the module and doing wrap-up activities.

Emphasize major points of the module such as:

- Running a health spa is a small business opportunity for a person interested in physical fitness and working with people. It must be planned and located carefully for it to be successful.

- Basic business skills, previous experience in the physical fitness business, and a genuine liking of people are helpful qualities for a health spa owner to have.

- Hiring and keeping friendly, attractive, and physically fit trainers is a key part of running the business well.

- Keeping customers satisfied with your services is also vitally important.

- The needs of your customers and the nature of your competition may change over time. Knowing how to analyze the business and make necessary changes are important ways to keep your health spa successful.

Remind students that their participation in this module was intended as an awareness activity so they could consider entrepreneurship as a career option. Their introduction to the skills required for successful small business management has been brief. They should not feel that they are now prepared to go out, obtain a loan, and begin their own business. More training and experience are necessary. You can suggest at least these ways of obtaining that experience: one way is to work in the business area in which they would eventually want to have their own venture; another is to go to school (community colleges are starting to offer AA degrees in entrepreneurship).

This is a good time to get feedback from the students as to how they would rate their experience with the module. Could they identify with the characters portrayed in the case studies? How do they feel about the learning activities?

If possible, use a final wrap-up activity to help students apply what they have learned in the module. Possible ideas include the following.

a. Have students discuss or write about how they see themselves owning a health spa now that they know more about it. If time runs short, students could do this on their own time as a means of self-assessment.

b. Locate an owner/manager of a health spa near you. Invite that person to visit your class to share her or his experiences running the spa.

Develop a list of questions you would like to ask the visitor, such as the following:

1. What is your background?

2. Why did you choose to open a health spa?

3. How much time did you spend planning your business before you opened? What did you do?

4. What kinds of experience or personal qualities have been most valuable to you?

5. How did you decide on a location?

6. What services do you provide?

7. How much money did it take to get started? Where did you get it?

8. Would you do it again?

Use one or more of the Group Activities that were not done earlier. Feel free to combine, expand, and adapt the activities so that students can get a more complete picture of running a health spa.

Quiz (30 minutes)

The quiz may be used as an assessment instrument or as an optional study tool for students. If you wish to use the quiz for study purposes, duplicate and distribute the answer key to students. In this case, student achievement may be assessed by evaluating the quality of students' participation in module activities.

Quiz Answer Key

1. d

2. a

3. a. Create service-oriented image
   b. Have catchy name
   c. Hire qualified, friendly staff
   d. Offer unique services

4. a

5. c

6. b

7. d

8. $15,000

9. a

10. b

11. a. Provide enough training
    b. Have clearly stated policies
    c. Establish good personal relations

12. d

29

13. a

14. c

15. b

16. b

17. a

18. a

19. a. $15,000
    b. 15%
    c. 85%

20. d

21. a. Improve the quality of the services
    b. Change or add to the services

SUGGESTED READINGS

General Entrepreneurship References

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GOALS AND OBJECTIVES

Goal 1: To help you plan your health spa.

Objective 1: Describe the services, customers, and competition of a health spa.

Objective 2: List three personal qualities a health spa owner should have.

Objective 3: List three ways to help your health spa "stand out" from its competition.

Objective 4: List two special legal requirements for running a health spa.

Goal 2: To help you choose a location for your health spa.

Objective 1: List three things to think about in deciding where to locate your health spa.

Objective 2: Pick the best location for a health spa from three choices.

Goal 3: To help you plan how to borrow money to start your health spa.

Objective 1: Write a business description for your health spa.

Objective 2: Fill out a form showing how much money you need to borrow to start your health spa.

Goal 4: To help you plan how to hire employees and divide the work of your health spa.

Objective 1: Decide how to divide the work of your health spa among several employees.

Objective 2: Pick the best person for a specific job in your health spa.

Objective 3: List three ways to keep your employees happy.

Goal 5: To help you organize the work of your health spa.

Objective 1: Fill out a training record for one of your customers.

Objective 2: Write a work schedule for yourself or an employee.

Goal 6: To help you decide how to set prices for your health spa.

Objective 1: Pick the best price for your services.

Goal 7: To help you learn ways to advertise and sell the services of your health spa.

Objective 1: Pick one way to advertise your health spa.

Objective 2: Design a printed ad for your health spa.

Goal 8: To help you learn how to keep financial records for your health spa.

Objective 1: Fill out a customer billing form for services sold to a customer.

Objective 2: Fill out a daily cash sheet for the money you receive and pay out in one day.

Goal 9: To help you learn how to stay successful.

Objective 1: Figure out the net profit (before taxes), profit ratio, and expense ratio for a health spa.

Objective 2: State one way to increase profits.

Objective 3: State one way to change your health spa to increase sales.

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